

Demographic Characteristics of Business Owners

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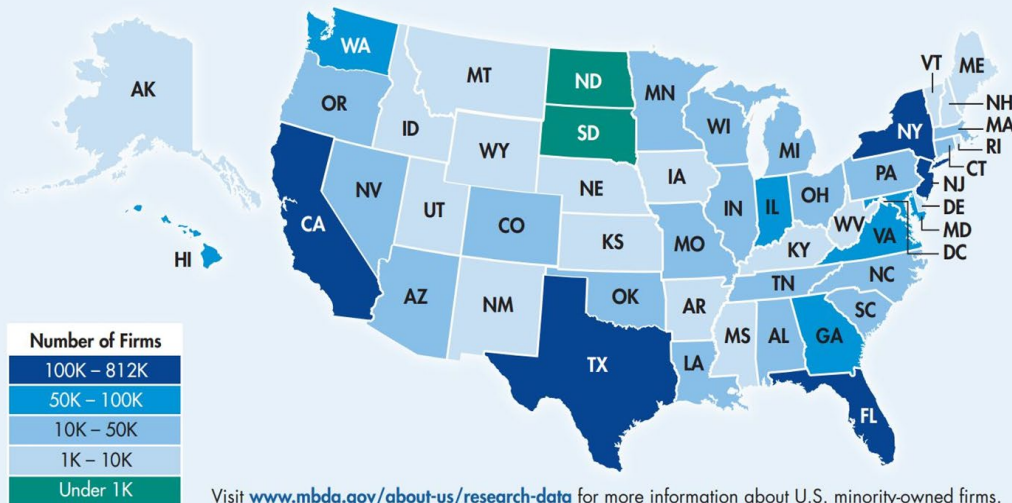
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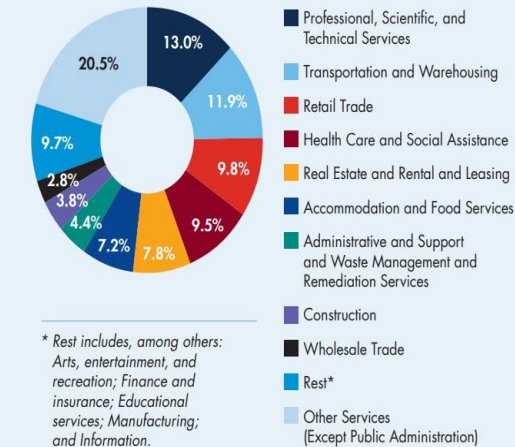
About AAPI Small Business

- Asian American and Pacific Islander (AAPI) small businesses are one of the fastest growing demographics for small business in the U.S. In total, AAPIs have an economic impact of \$909 billion
- Of the 2.5 million AAPI owned businesses in the U.S., 556,000 have paid employees and contribute \$815 billion and 4.6 million jobs to the U.S. economy

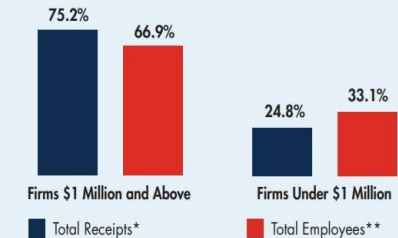
NUMBER OF ASIAN AMERICAN-OWNED FIRMS



Industry Sectors of Asian American-Owned Firms



High-Revenue Asian American-Owned Firms



* Employer & non-employer firms.

** Employer firms only.

Six percent of Asian American-owned firms are considered high-revenue. These firms are responsible for 75.2% of the total receipts and 66.9% of all jobs created by Asian American firms.

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Takeaways

- **The Annual Small Business Survey (ABS) and the Non Employer Statistics by Demographics (NES-D) are critical and valuable data sources that provide insights into small business including demographic information.** This data is relied upon by both the public and private sectors to inform understanding of the business landscape and make resource allocation decisions.
- **In spite of the importance and value of this data, there is a gap in “apples to apples” reporting of employer small businesses and non-employers.** The ABS is a survey but the NES-D relies solely on administrative data. As a result, the data does not present a complete picture of minority owned businesses since more than 80% of minority-owned businesses are non-employer firms.
- In order to have a **more complete and representative view of small businesses**, their owners and corresponding characteristics and activities, we suggest:
 - a. Adding a survey component to the NES-D
 - b. Over-sample minority businesses in both the ABS and NES-D to ensure an understanding of each segment
 - c. Ensure that language is not a barrier to participation or access

Annual Business Survey (ABS)

Purpose:

- Provides information on selected economic and demographic characteristics for employer small businesses and business owners by sex, ethnicity, race, and veteran status. Also measures other business characteristics related to research and development, innovation, and technology.

What it does well

- The ABS provides important data on the economic and demographic characteristics of small businesses. This data is a useful tool for determining the state of small business and for determining the assistance needs of small business

Where it could be improved

- The ABS does not capture non-employer data. This is a significant gap in the data for stakeholders trying to analyze data on minority businesses since the vast majority of minority-owned businesses do not have employees. The ABS leaves out up to 80% of minority businesses.

Nonemployer Statistics by Demographics

Purpose

- The nonemployer statistics by demographic (NES-D) series is tool that provides information on the demographic characteristics of nonemployer businesses. The NES-D was developed to produce similar estimates as ABS on owner demographics for nonemployer businesses.

What is does well

- The NES-D fills the gaps left by the ABS in that it provides demographic information on nonemployer firms.

Where it could be improved

- NES-D is that it is not a survey, rather it relies on existing administrative Census and Decennial Census data to assign demographic characteristics to nonemployer firms. This results in gaps of information and leaves room for missing information on nonemployer firms.



Fact Sheet

Asian American-Owned Firms

ECONOMIC IMPACT: \$909 BILLION IN REVENUES AND 4.6 MILLION JOBS IN 2017

	Asian American Firms	Minority Firms	Nonminority Firms
Number of Firms, All (000s)	2,516	9,184	21,365
Number of Firms with Paid Employees (000s)	556	1,015	4,460
Receipts of Firms, All (\$ in billions)	\$909	\$1,681	\$12,143
Receipts of Firms with Paid Employees (\$ in billions)	\$815	\$1,402	\$11,288
Average Receipts of Firms with Paid Employees (\$ in millions)	\$1.47	\$1.38	\$2.53
Number of Paid Employees (000s)	4,650	8,923	54,068

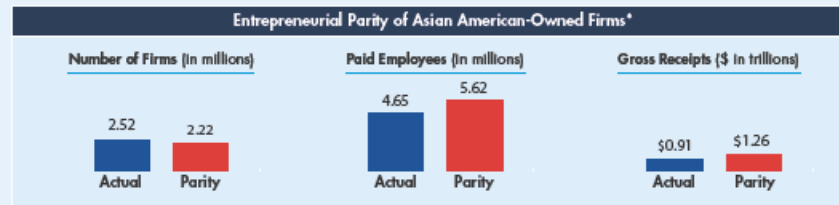
Gross Receipt (\$ in billions)			
	Male	Female	Equally Male and Female
All Asian American-Owned Firms	\$618.2	\$185.6	\$105.2
With Paid Employees	\$558.8	\$157.0	\$ 99.0
Without Paid Employees	\$ 59.4	\$ 28.6	\$ 6.1

Quick Facts

- While there are 2.5 million Asian American-owned firms in the U.S., 556 thousand have paid employees.
- Asian American-owned employer firms contribute \$815 billion and 4.6 million jobs per year to the U.S. economy.
- Asian American-owned employer firms average 8 workers and \$1.4 million in annual receipts.
- Asian American-owned employer firms are most concentrated in California, Florida, Illinois, New Jersey, New York, and Texas.

ENTREPRENEURIAL PARITY OFFERS GREATER ECONOMIC IMPACT

Our calculations of entrepreneurial parity predict minority business enterprise performance if it were to match nonminority business performance in terms of firms per adult population, dollar receipts per firm, and number of paid employees per firm (applicable to employer-firms, only). The difference between actual and parity can be viewed as an "opportunity gap."



* All firms (with or without paid employees) except for Paid Employees, which refers to firms with paid employees only.

U.S. Census Bureau, Annual Business Survey: Statistics for Employer Firms by Industry, Sex, Ethnicity, Race, and Veteran Status for the U.S., States, Metro Areas, Counties, and Places: 2017 (Release Date: 2020-05-19)

U.S. Census Bureau, Nonemployer Statistics by Demographics: Statistics for Nonemployer Firms by Industry, Sex, Ethnicity, Race, and Veteran Status for the U.S., States, and Metro Areas: 2017 (Release Date: 2020-12-17)

U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population by Sex, Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2019 (NC-EST2019-ASR5H and NC-EST2019-ASR6H) Release Date: June 2020

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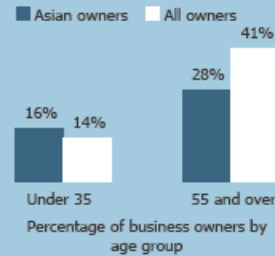
SURVEY OF BUSINESS OWNERS FACTS

Asian-Owned Businesses in the United States



Firms

1.9M Asian-owned businesses
24% growth from 2007 to 2012
481K have paid employees (25.1%)
1.4M nonemployer firms (74.9%)
\$700B annual receipts



There are more young Asian business owners than average.

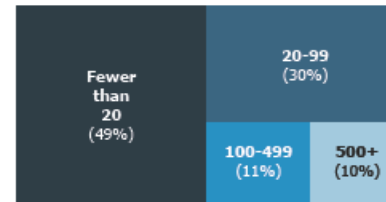
Employment

3.6M employees at Asian-owned businesses

3.2M at small firms with fewer than 500 employees (90.2%)

2.8M at firms with fewer than 100 employees (75.1%)

Share of employment at Asian-owned firms by firm size



Top Industries Among Asian-Owned Businesses

- The industries with the highest average number of employees per firm are **seafood product preparation and packaging**, **employment services**, and **management of companies and enterprises**.

For employer firms, those in **petroleum and coal product manufacturing** have the highest average annual receipts per firm (**\$31.4 million**).

Gas stations have the highest average annual receipts per firm (**\$706,000**) for nonemployers, compared to an average of \$564,000 for gas stations across all demographic groups.



Data source: 2012 Survey of Business Owners, U.S. Census Bureau

Questions